OPERATING BUDGET REPORT

May FY2013

OPERATING BUDGET ($ in Millions)

MTD	May-FY2012	May-FY2013		Variance FY13	
	Actual	Actual	Budget	$	Percent
Revenue	$ 70.5	$ 75.0	$ 77.6	$ (2.6)	-3.4%
Expense	$ 112.7	$ 136.5	$ 136.4	$ (0.0)	0.0%
Subsidy	$ 42.2	$ 61.5	$ 58.8	$ (2.6)	-4.5%
Cost Recovery	62.6%	55.0%	56.9%		

YTD	FY2012	FY2013		Variance FY13	
	Actual	Actual	Budget	$	Percent
Revenue	$ 733.1	$ 776.2	$ 798.7	$ (22.5)	-2.8%
Expense	$ 1,308.8	$ 1,392.5	$ 1,443.8	$ 51.3	3.6%
Subsidy	$ 575.7	$ 616.4	$ 645.2	$ 28.8	4.5%
Cost Recovery	56.0%	55.7%	55.3%		

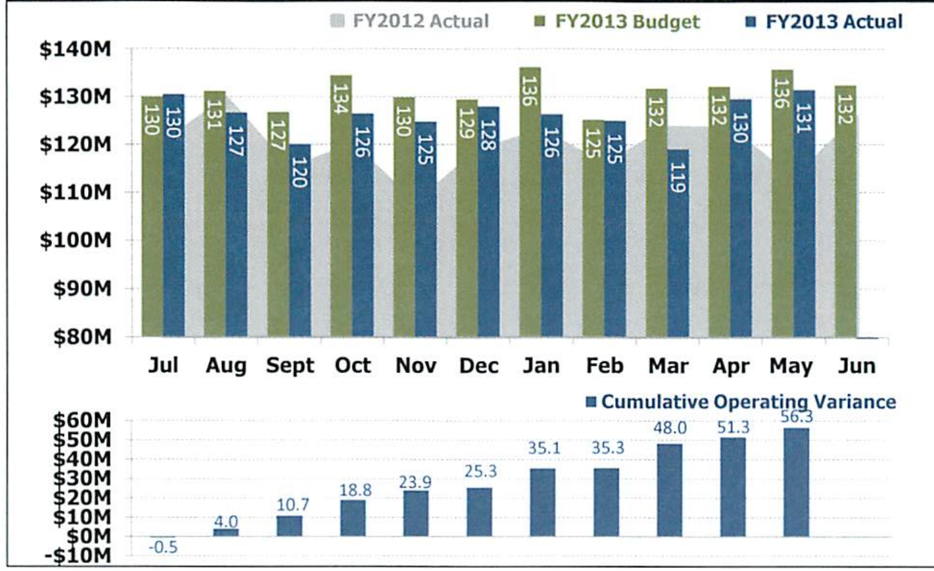
OPERATING PROGRAM HIGHLIGHTS

As of May YTD, Metro has a positive net position **to budget** of $28.8M, or 4.5 percent.

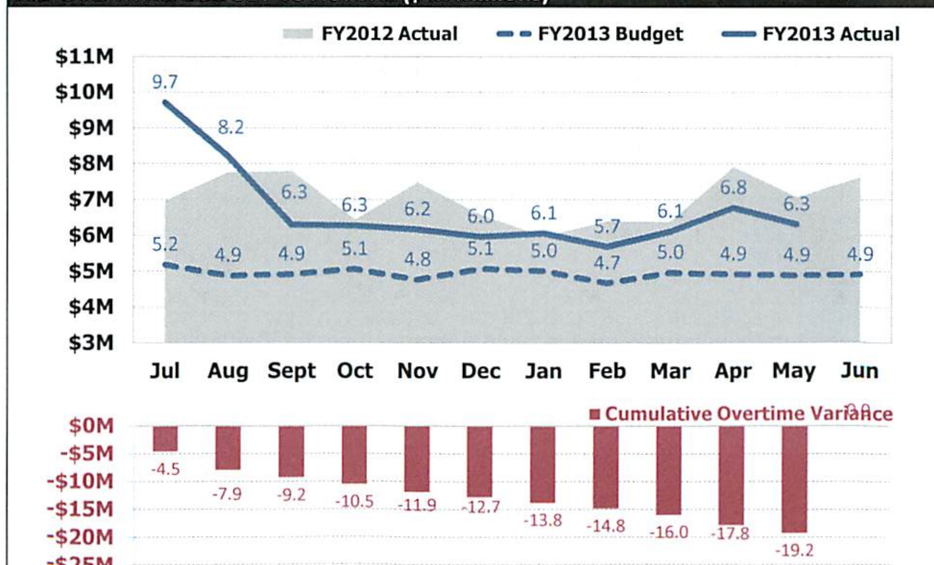
Year-to-date expenditures $51.3 or 3.6% favorable to budget.

- Salary & wages are below budget by $35.8M or 5.5 percent due to vacancies.
- Overtime is ($19.2M) over budget due to CMNT 2K, 3K and 5K maintenance, HVAC overhauls, midlife door inspections and friction brake maintenance, vacancy coverage, leave coverage, severe weather, incident response and special events, including Inauguration support activities. Over the last eight months we have increased our investment in railcar maintenance to prepare for the introduction of revenue service on the Silver Line. In FY2012, Metro operated approximately 860 railcars to meet its daily peak revenue service requirement, in FY2013 this number has increased to 878. When Metro begins operating revenue service on the Silver Line in January 2014, a total of 954 railcars will be required.
- Fringe benefits are $15.1M favorable due to lower than projected pension costs resulting from favorable market conditions ($6.1M), lower than expected health care costs ($4.6M), plus lower than budgeted FICA expense ($2.2M), workers compensation expense ($.7M) and clothing, tools, and allowances ($1.5M).
- Materials and Supply expenses are ($19.0M) unfavorable mostly due to overruns in TIES ($14.4M) attributed mainly to CMNT 2K, 3K and 5K maintenance and Bus material usage ($6.8M). As described above, railcar maintenance has increased to prepare for Silver Line service. The CMNT overhaul is expected to continue through FY13 and into FY14. This unfavorability is offset mainly by DGMO Admin TSP training materials, IT Track Wayside equipment and CSCM bus and rail schedule printing materials expense.
- Service expenses were $20.4M favorable due to savings in paratransit expenses ($9.9M), late TIES contract awards (PLNT, SMNT, CMNT and ELES), timing of various JOC contracts ($5.3M) and Financial services ($1.7M): for disputed TRES Call Center invoices and contract modifications ($1.3M), phasing out of the LAZ parking contract ($465K) and timing of the Management Efficiency study ($517K); CSCM ($936K), HR ($916K), BUS ($663k), COUN ($486K), DGMO ($325K), and RAIL ($296K). TIES estimates some of their favorability will be utilized in June of FY13 with the ramp up of rail grinding, weed and other warm weather related activities.
- Propulsion/Diesel and Utilities were favorable to budget by $19.6M due to lower than projected power consumption and favorable diesel rates in Metro hedges. The passage of the American Taxpayer Relief Act of 2012 included a Compressed Natural Gas (CNG) credit which will have an estimated favorable impact of $5M on Metro's FY2013 expenditures; a $4.8M CNG credit has been received YTD for FY12 and FY13 YTD refunds.

OPERATING EXPENDITURES ($ in Millions)



YTD OVERTIME BUDGET VS ACTUAL ($ in Millions)



REVENUE AND RIDERSHIP REPORT

May FY2013

RIDERSHIP (trips in Thousands)

MTD	May-FY2012	May-FY2013		Variance FY13	
	Actual	Actual	Budget	Prior Year	Budget
Metrorail	19,054	18,489	19,248	-3.0%	-3.9%
Metrobus	11,491	11,852	11,358	3.1%	4.4%
MetroAccess	183	184	187	0.8%	-1.8%
System Total	**30,728**	**30,526**	**30,793**	**-0.7%**	**-0.9%**

YTD	FY2012	FY2013		Variance FY13	
	Actual	Actual	Budget	Prior Year	Budget
Metrorail	198,775	191,025	199,066	-3.9%	-4.0%
Metrobus	121,351	121,003	119,056	-0.3%	1.6%
MetroAccess	1,911	1,865	2,018	-2.4%	-7.6%
System Total	**322,037**	**313,893**	**320,140**	**-2.5%**	**-2.0%**

REVENUE AND RIDERSHIP HIGHLIGHTS

Year-to-date Revenue

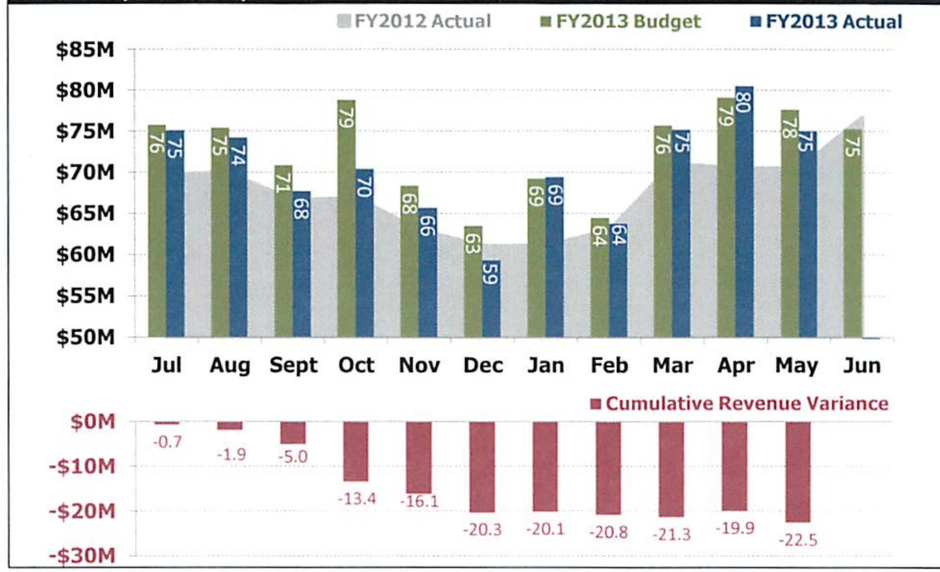
Total operating revenue is ($22.5M) below budget, or -2.8%. Passenger revenues plus parking is ($20.0M) below budget, while non-transit revenue is ($2.5M) below budget.

- **Rail passenger fare revenue** is ($18.0M) below budget YTD primarily as a result of lower rail ridership; average fare YTD is $2.90, which reflects the impact of the July fare increase and is slightly above the budgeted average fare for FY13 of $2.87. Rail revenue has also experienced negative impacts from Hurricane Sandy in October and the unanticipated federal Christmas Eve holiday as well as a positive impact from greater-than-expected Inauguration attendance.
- **Bus passenger revenue** is on budget at only ($0.1M) below plan YTD. However, average fare YTD is $1.05, slightly below the budgeted average fare for FY13 of $1.07. Bus revenue was also negatively impacted by Hurricane Sandy.
- **MetroAccess revenue** is $0.5 million above budget YTD; although ridership is below budget, average fare is substantially higher at $4.07 versus $3.50 budget.
- **Parking revenue** is below budget YTD by ($2.5M) or -5.6%; April and May have been in line with rail after prior months of performing below rail.
- **Other revenues** are ($2.5M) below budget, with positive variances in advertising and fiber optic revenues outweighed by negative variances in joint development and other revenues.

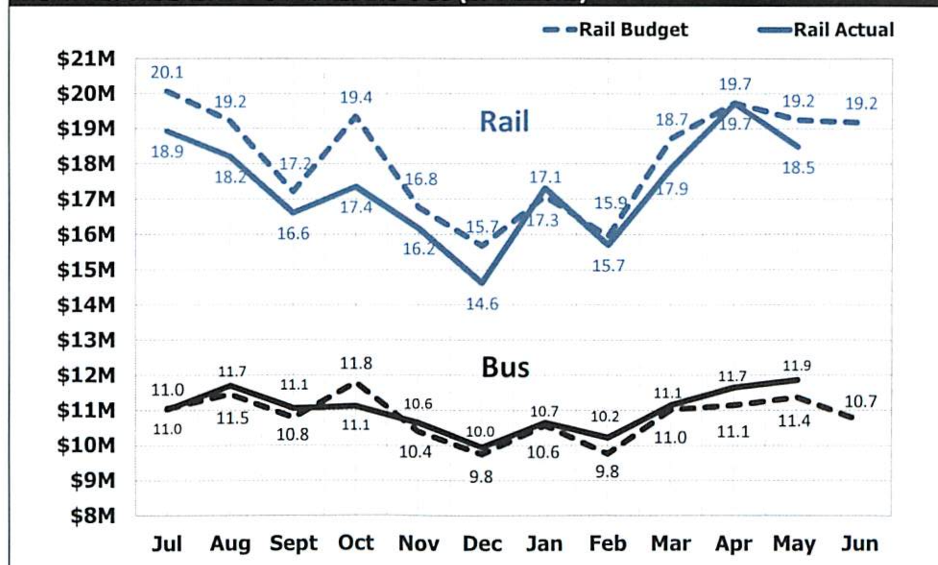
Year-to-date Ridership

- **Rail ridership** YTD is (8.0M) below budget, or -4.0%; rail ridership YTD is also down (7.8M) compared to the same period in FY12.
- **Bus ridership** is (1.9M) above budget YTD, or 1.6%; however, bus ridership YTD is down (0.3M) compared to the same period in FY12.
- **MetroAccess ridership** is 7.6% below budget YTD; Access ridership YTD is also down 2.4% compared to the same period in FY12.

REVENUE (in Millions)



MONTHLY RIDERSHIP FOR RAIL AND BUS (in Millions)



CAPITAL PROGRAM REPORT

May FY2013

SOURCES OF FUNDS ($ in Millions)

	Expenditure-Based Year to Date Sources of Funds				
	Budget	Forecast	Awarded	Received	To be Rec.
FY2012 CIP	$ 1,042	$ 917	$ 733	$ 606	$ 436
FY2013 CIP	$ 1,073	$ 975	$ 936	$ 791	$ 282

	Obligation-Based to Date Sources of Funds				
	Budget		Awarded	Received	To be Rec.
Safety & Security	$ 38		$ 38	$ 11	$ 27
ARRA	$ 8		$ 8	$ 7	$ 1
Reimbursable	$ 57		$ 57	$ 52	$ 5
Total	**$ 104**		**$ 104**	**$ 70**	**$ 34**

USES OF FUNDS ($ in Millions)

	Expenditure-Based Year to Date Uses of Funds					
	Budget	Plan	Obligated	Expended	% Obl.	% Exp.
FY2012 CIP	$ 1,042	$ 917	$ 824	$ 601	89.9%	65.5%
FY2013 CIP	$ 1,073	$ 975	$ 723	$ 652	74.2%	66.9%

	Obligation-Based to Date Uses of Funds					
	Budget		Obligated	Expended	% Obl.	% Exp
Safety & Security	$ 39		$ 39	$ 17	99.7%	43.6%
ARRA	$ 8		$ 7	$ 10	87.5%	125.0%
Reimbursable	$ 57		$ 53	$ 70	93.8%	123.9%
Total	**$ 104**		**$ 99**	**$ 97**	**95.6%**	**93.7%**

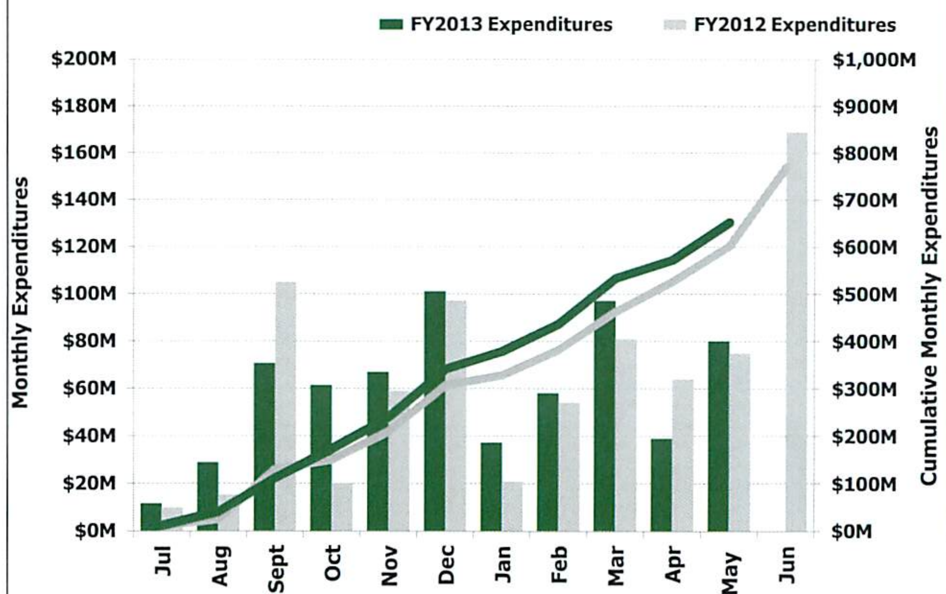
CAPITAL PROGRAM HIGHLIGHTS

As of May 31, 2013:

Metro continued to advance the delivery of the FY2013 Capital Improvement Program (CIP) in May, investing $80 million during the month. Year-to-date, Metro has invested $652 million through the CIP, $51 million, or one percent, more than during the same period last year. Metro has made significant progress in the delivery of key CIP investments during FY2013.

- **Bus Replacement:** 96 of the planned 99 forty-foot hybrid/electric buses have been received and 85 are in service. Six additional buses funded through the Reimbursable Program are expected to be delivered in June.
- **MetroAccess Vehicle Replacement:** 125 of the planned 138 new paratransit vehicles have been delivered and 104 are in service.
- **Escalator Rehabilitation:** 34 of the 54 planned FY2013 escalator rehabilitations/modernizations are complete and nine are in progress. The multi-year escalator rehabilitation plan has been updated due to schedule delays. Nine escalator rehabilitations previously planned for FY2013 will now be completed in the FY2014-2019 CIP.
- **Pentagon Station Escalator Replacement:** The escalator replacement project at Pentagon Station is underway and is on schedule. This project replaces escalators that were produced by a manufacturer who no longer makes replacement parts with three new, more reliable units. The project is expected to be complete in the fall of 2013.
- **Elevator Rehabilitation:** Five of the 25 planned FY2013 elevator rehabilitations/modernizations are complete and ten are in progress. The multi-year elevator rehabilitation plan has been updated due to schedule delays. Eight elevator rehabilitations previously planned for delivery in FY2013 will now be completed in the FY2014-2019 CIP and one elevator previously planned for future rehabilitation was accelerated into FY2013.
- **Station Rehabilitation:** Nine of the 12 planned full station enhancement projects are complete; 12 of the planned 12 mini station enhancements are complete. The three remaining full enhancements are underway and expected to be complete in June.
- **Track Rehabilitation:** welded 751 open weld joints, retrofitted 465 linear feet of floating slabs, rehabilitated 8,265 linear feet of grout pads, tamped 37.29 miles of track, repaired 2,180 leaks, and replaced 11.18 miles of running rail, 4.89 miles of third rail, 14,842 cross ties, 19,688 fasteners, 8,487 insulators, 1,362 safety signs, 14 yard turnouts, 25 yard switches, and 6,372 direct fixation fasteners.
- **4000 Series Railcar Replacement:** Metro recently awarded a contract option to initiate the replacement of the 100 existing 4000 Series railcars with new 7000 Series vehicles. The 100 replacement vehicles are scheduled for delivery to Metro in late 2017.

CIP EXPENDITURES ($ in Millions)



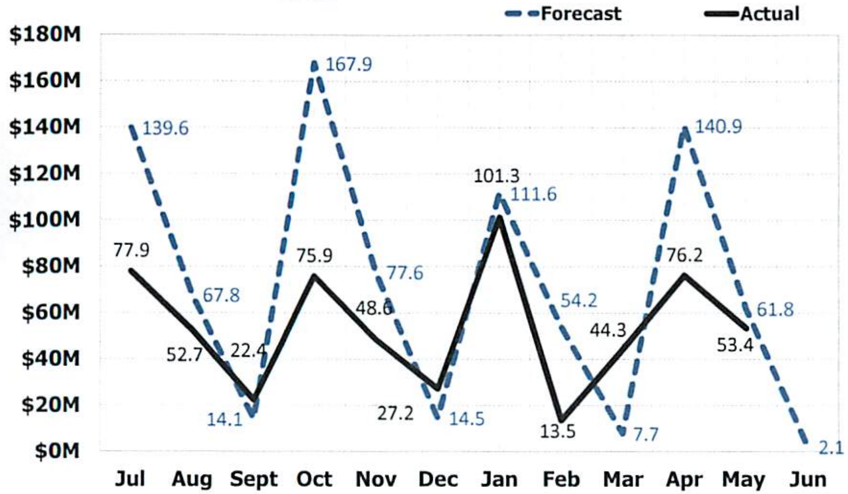
CAPITAL IMPROVEMENT PROGRAM REPROGRAMMING

There were no reprogramming actions during the month of May.

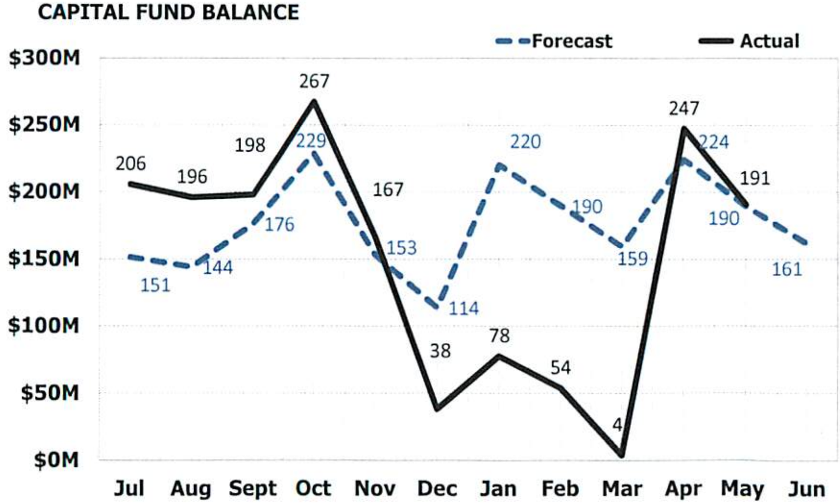
FUND BALANCE & PROCUREMENT

FUND BALANCE

OPERATING FUND BALANCE

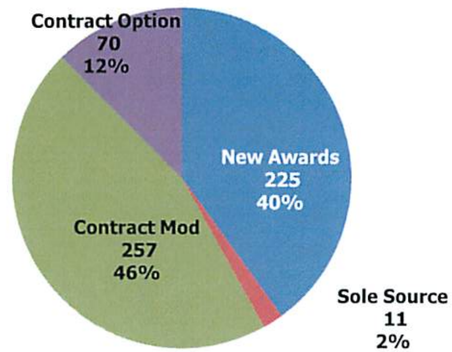


CAPITAL FUND BALANCE



PROCUREMENT

YTD MAY SOLICITATION ACTIONS (563 TOTAL ACTIONS)

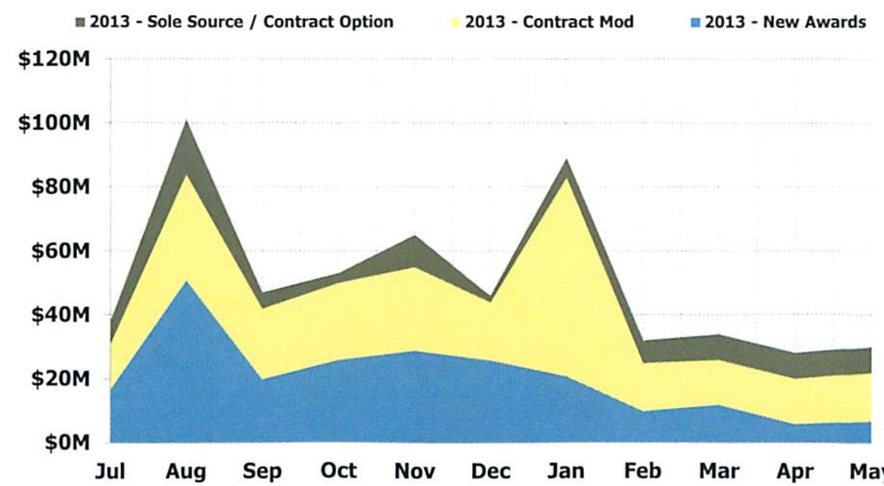


Procurement Highlights:

Year-to-Date, Metro awarded 563 solicitation actions. Of the total, 257 actions or 46% were contract modifications.

A $4,120,000 federally funded contract was awarded to Holland LP for Prime Mover Mounted Flashbutt Welding Services.

A $1,458,820 federally funded contract was awarded to Merak/Knorr for the HVAC Reliability Improvement Demonstration Program.



OPERATING FINANCIALS

May FY2013

MONTHLY RESULTS					FISCAL YEAR 2013	YEAR-TO-DATE RESULTS				
Prior Year	Current Year				Dollars in Millions	Prior Year	Current Year			
Actual	Actual	Budget	Variance			Actual	Actual	Budget	Variance	
					Passenger Revenue					
$50.0	$54.1	$55.9	($1.7)	-3.1%	Metrorail	$518.9	$553.4	$571.4	($18.0)	-3.2%
11.5	12.2	12.1	0.1	1.0%	Metrobus	122.1	127.2	127.2	(0.1)	-0.1%
0.7	0.7	0.7	0.1	13.8%	MetroAccess	7.2	7.6	7.1	0.5	7.5%
3.9	4.1	4.2	(0.1)	-2.4%	Parking	41.8	41.9	44.3	(2.5)	-5.6%
$66.2	$71.2	$72.8	($1.6)	-2.2%	**subtotal**	$690.0	$730.0	$750.0	($20.0)	-2.7%
					Non-Passenger Revenue					
$0.7	$0.8	$0.8	$0.0	5.0%	D.C. Schools	$6.6	$7.1	$7.0	$0.0	0.5%
1.1	1.4	1.6	(0.2)	-11.1%	Advertising	11.0	15.1	14.1	0.9	6.7%
1.0	0.4	0.7	(0.3)	-40.4%	Joint Dev/Property Rent	5.7	6.1	7.4	(1.3)	-17.7%
1.2	1.2	1.2	0.0	2.5%	Fiber Optic	13.1	14.0	13.3	0.7	5.5%
0.3	0.0	0.6	(0.6)	-96.7%	Other	6.7	3.8	6.5	(2.6)	-40.6%
(0.0)	0.0	0.0	(0.0)	-90.0%	Interest	(0.0)	0.1	0.3	(0.2)	-81.5%
0.0	0.0	0.0	0.0		SE Closure	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0		SCR Funding	0.0	0.0	0.0	0.0	
$4.3	$3.8	$4.8	($1.0)	-20.4%	**subtotal**	$43.1	$46.1	$48.6	($2.5)	-5.1%
$70.5	**$75.0**	**$77.6**	**($2.6)**	**-3.4%**	**TOTAL REVENUE**	**$733.1**	**$776.2**	**$798.7**	**($22.5)**	**-2.8%**
$50.8	$55.5	$62.5	$7.0	11.2%	Salary/Wages	$581.1	$613.0	$648.8	$35.8	5.5%
$7.1	$6.3	$4.9	($1.4)	-29.1%	Overtime	$76.8	$73.6	$54.3	($19.2)	-35.4%
19.0	33.0	31.3	(1.8)	-5.6%	Fringe Benefits	278.8	314.2	329.3	15.1	4.6%
15.9	19.1	18.3	(0.8)	-4.2%	Services	162.4	175.4	195.8	20.4	10.4%
7.3	9.4	5.2	(4.2)	-79.6%	Supplies	67.3	75.5	56.4	(19.0)	-33.7%
6.7	7.4	7.8	0.4	5.0%	Power/Diesel/CNG	80.0	74.6	87.4	12.8	14.7%
2.8	2.6	3.2	0.6	18.7%	Utilities	30.0	30.8	37.5	6.8	18.0%
3.1	3.2	3.3	0.1	3.2%	Insurance/Other	32.4	35.5	34.2	(1.3)	-3.8%
$112.7	**$136.5**	**$136.4**	**($0.0)**	**0.0%**	**TOTAL EXPENSE**	**$1,308.8**	**$1,392.5**	**$1,443.8**	**$51.3**	**3.6%**
$42.2	**$61.5**	**$58.8**	**($2.6)**	**-4.5%**	**SUBSIDY**	**$575.7**	**$616.4**	**$645.2**	**$28.8**	**4.5%**
			Favorable/(Unfavorable)						Favorable/(Unfavorable)	